



To the Mayor and Members of the City Council

July 28, 2015

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SUBJECT: 15 YEAR BUDGET HISTORY – WORKERS’ COMPENSATION FUND

In an effort to provide a framework for current and future budget requests, staff will be providing 15 years of historical data by department over the next several months. Data will include Fiscal Year 2000 through Fiscal Year 2015.

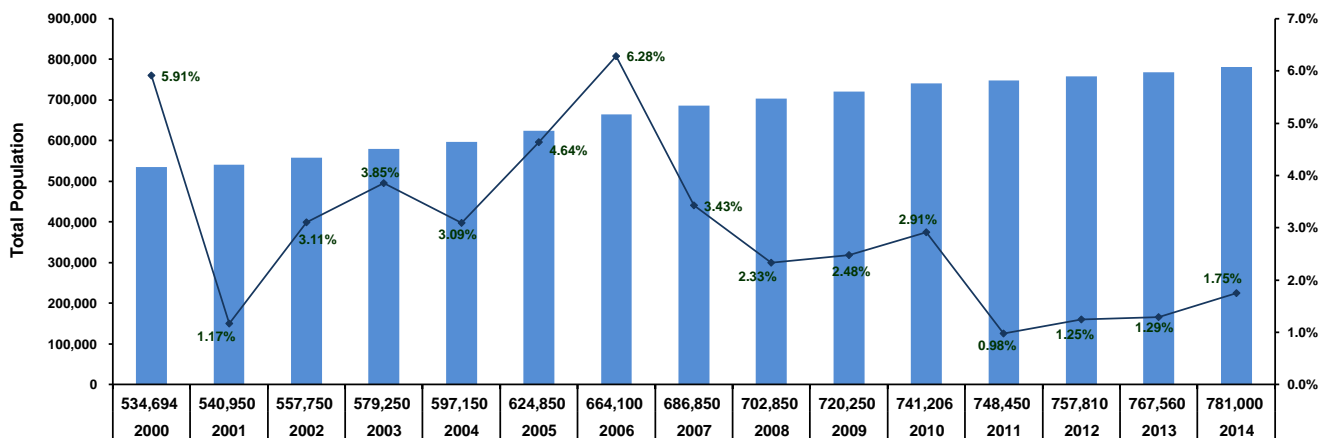
In graph format, the data will include the following components:

1. Population
2. Staffing Levels with Population
3. Square Miles of the City of Fort Worth
4. Adopted Budget with Square Mileage

Population

From 2000 to 2015, the population in Fort Worth has grown by 246,306 new citizens, or about 46 percent. This trend is expected to continue as Fort Worth continues to be singled out as one of the fastest growing cities both in Texas and in America.

Fort Worth Population Growth



Source: North Central Texas Council of Government (NCTCOG)

Population — % Change

Square Miles

By comparison, the square mileage in the City has grown from 308 to 353 square miles, or 15 percent. The 25-mile increase from 2002 to 2003 included the annexation of 7,744 acres, known as 287 Zone LPA (M&C PZ-2438).

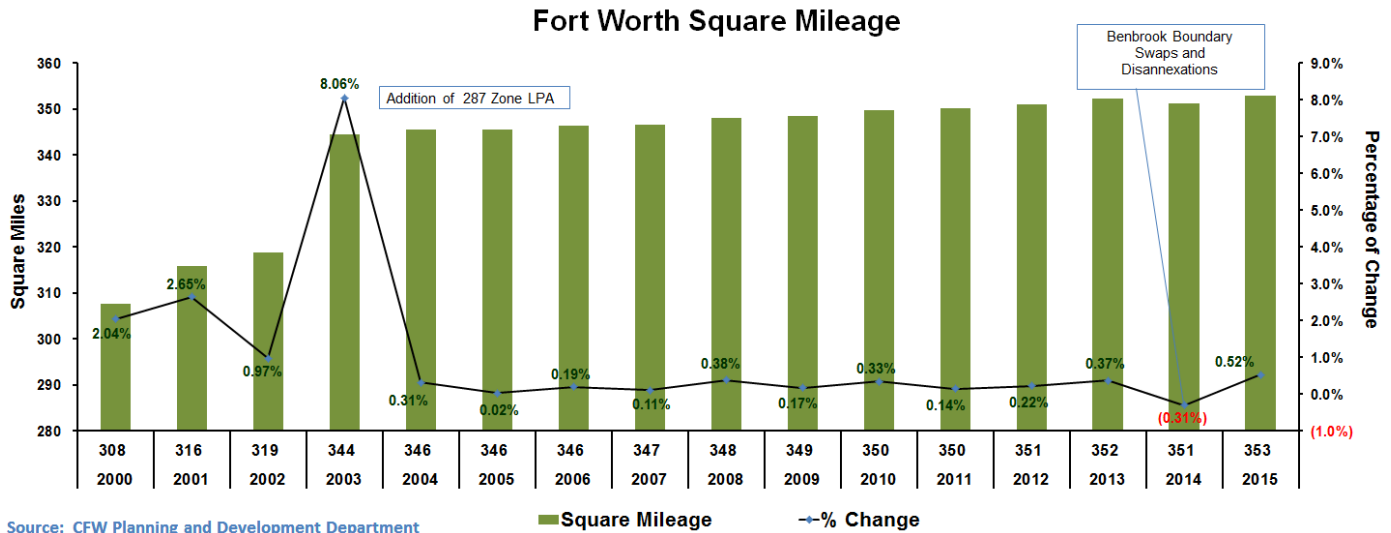


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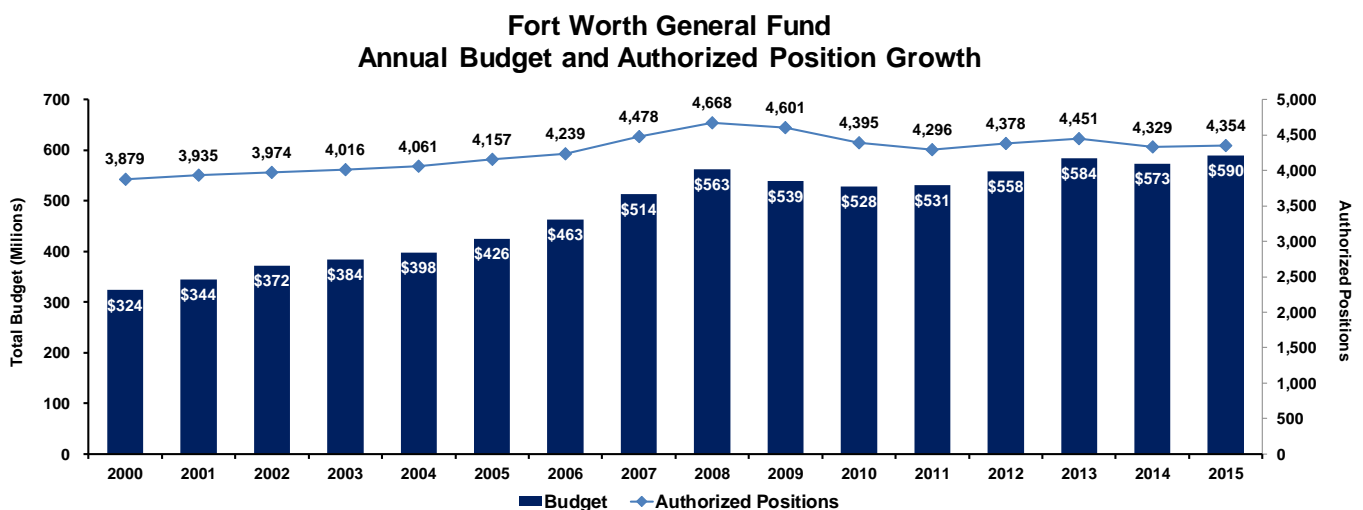
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General Fund Annual Budget and Authorized Positions

The overall growth in population and service area has had its impact on the General Fund total budget and authorized positions. The General Fund adopted budget has increased 82 percent from 2000 to 2015, while the authorized positions have increased 12 percent over same period.





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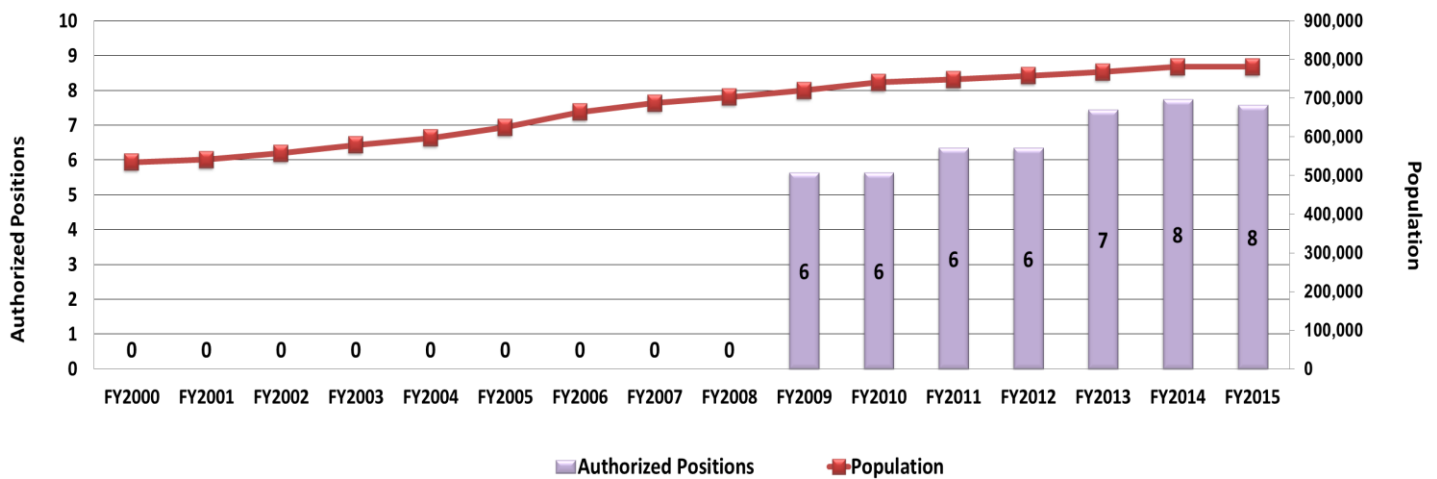
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Impact of Growth in Population and Square Mileage Relative to Budget

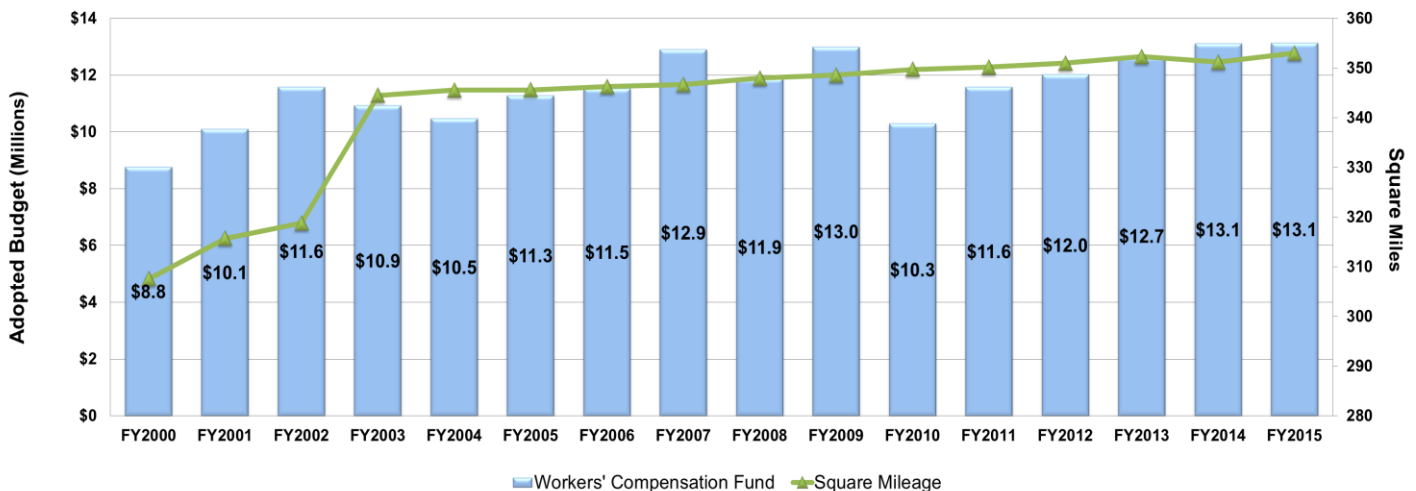
The Workers’ Compensation Fund authorized positions (APs) has increased from 0 staff members in 2000 to 7.58 in 2015. The primary reasons for change in allocated positions over the past 15 years are related to the alignment of job responsibilities for overseeing the administration of the Workers’ Compensation Fund.

Workers' Compensation Fund Authorized Strength



The following chart shows the changes in the annual adopted budget for the Workers’ Compensation Fund Budget relative to the geographical size of the City. The Workers’ Compensation Fund annual budget has increased from about \$8.8M in FY2000 to \$13.1M in FY2015, equating to about a 50 percent increase. The fluctuations in the budget are based on actual and projected claims.

Workers' Compensation Fund Adopted Budget



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This program is self-insured, with single incident excess insurance which has increased from \$500K in FY2001 to \$2.5M for Police Officers and Firefighters and \$1.75M for all other personnel in FY2014-15. Increases in state required benefits, lower excess insurance payments on catastrophic claims, and higher claims administration costs account for much of the increases since FY2001. A third party administrator handles claims. The fund expenditures are based on actual workers’ compensation claims from the previous year, as well as anticipated claims for the upcoming year. Revenue is transferred into the Workers’ Compensation Fund from the General Fund, Enterprise Fund, Internal Service Funds, Grant and Capital Projects Funds. This fund became a part of the Human Resources Department in FY2001-02.

The significant changes to the department, both in authorized positions and budget, are as follows:

- FY2001: The adopted budget increased by \$1.3M due to workers’ compensation claims based on actual and projected claims. The City’s premiums for workers’ compensation excess insurance coverage have increased every year.
- FY2002: The adopted budget increased by \$1.5M due to workers’ compensation claims based on actual and projected claims. The City incurred three major catastrophic injury claims and paid out in the current year. The catastrophic claims drive injury costs up during the year of injury. The City’s self-insured retention level for workers’ compensation excess insurance coverage was increased by the insurance carriers in the years. As a result, the City must pay a greater portion of costs before the excess carrier will begin to pay on a very serious or catastrophic claim.
- FY2003: The adopted budget decreased by (\$664K) due to workers’ compensation claims based on actual and projected claims.
- FY2004: The adopted budget decreased by (\$459K) due to workers’ compensation claims based on actual and projected claims. The single incident excess insurance increased from \$500K to \$750K for SIR. Fund expenditures include medical, legal, administrative and other costs, as well as applicable impairment benefits.
- FY2005: The adopted budget increased by \$824K due to workers’ compensation claims based on actual and projected claims. The costs of contracts for third party claims administration services have increased.
- FY2006: The adopted budget increased by \$235K due to workers’ compensation claims based on actual and projected claims. The costs of contracts for third party claims administration services have increased.
- FY2007: The adopted budget increased by \$1.4M due to workers’ compensation claims based on actual and projected claims. The costs of contracts for third party claims administration services have increased.
- FY2008: The adopted budget decreased by (\$1.0M) due to workers’ compensation claims based on actual and projected claims.

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- FY2009: The adopted budget increased by \$1.1M and 6 AP. The budget increased due to actual and projected claims for workers' compensation. There were six positions transferred from the Human Resources Department, which included an administrative assistant, human resources manager, two human resources analyst and two senior human resources analyst positions related to the alignment of job responsibilities for overseeing the administration of the Workers' Compensation Fund.
- FY2010: The adopted budget decreased by (\$2.7M) due to workers' compensation claims based on actual and projected claims.
- FY2011: The adopted budget increased by \$1.3M due to workers' compensation claims based on actual and projected claims. The City incurred two major catastrophic injury claims, one at the end of fiscal year FY2010 which was paid out in FY2011. The other claim was at the beginning of FY2011 and paid out in the current year. The catastrophic claims drive injury costs up during the year of injury and also during the years following the dates of injury.
- FY2012: The adopted budget increased by \$444K due to workers' compensation claims based on actual and projected claims.
- FY2013: The adopted budget increased by \$641K and 1 AP. The increase in the budget is due to workers' compensation claims based on actual and projected claims. The Sr. human resource analyst position transferred from the Group Health and Life Insurance Fund in order to align the job responsibilities of the fund.
- FY2014: The adopted budget increased by \$452K and 1 AP. The increase in the budget is due to workers' compensation claims based on actual and projected claims. The portion of the assistant director position transferred from Human Resources, which was related to the alignment of job responsibilities to overseeing the administration of the fund. The City's self-insured retention level for workers' compensation excess insurance coverage was increased by the insurance carriers in the years. As a result, the City must pay a greater portion of costs before the excess carrier will begin to pay on a very serious or catastrophic claim.

At the conclusion of the FY2015 budget, the fund will be combined to a newly created fund, Risk Financing Fund, in accordance with M&C G-18491, approved on June 2, 2015. The fund will continue to be administered by Human Resources Department.

Hopefully you find this information helpful. If you have any questions, please call Brian Dickerson, Director of Human Resources, at 817-392-7783, or Aaron Bovos, Financial Management Services Director at 817-392-8517.

David Cooke
City Manager